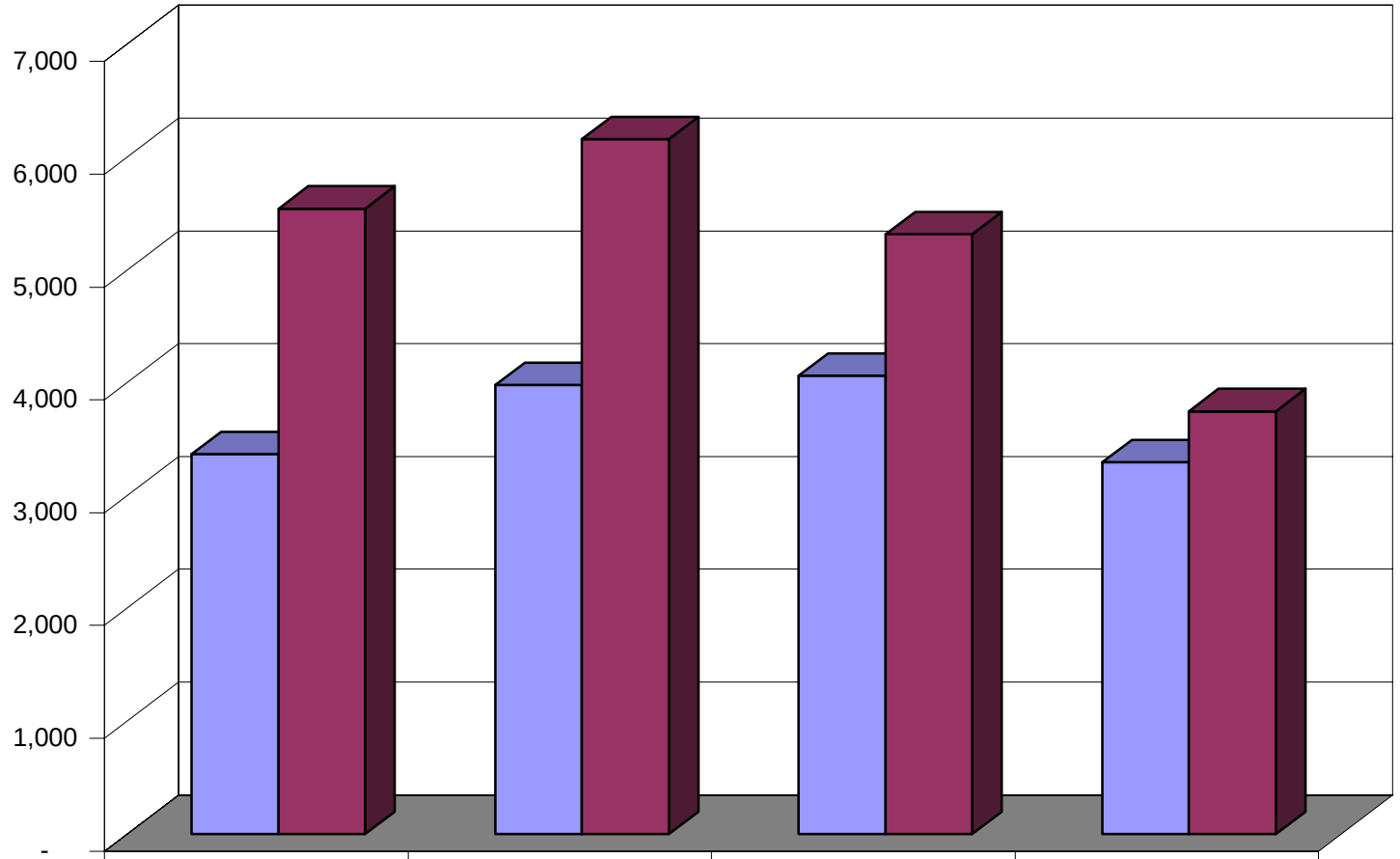
Department of Health and Mental Hygiene
Mental Hygiene Administration
M00L
Responses to Issues

Issue: The Public Mental Health System: A continuum of Care Under Strain? There is evidence to indicate that the public mental health system is not functioning as envisaged. The re-emergence of an old problem, namely the increase in emergency room overcrowding and specifically a reported rise in psychiatric patients presenting at emergency rooms, is seen as a sign of a system under stress.

Response
There continues to be a concern with the demands on emergency rooms. However, the PMHS claims data indicates a decrease in the number of children, adolescents and adults utilizing emergency rooms.

See chart proceeding page.

Count of Consumers who Received Emergency Room Services by Age Group



	2002	2003	2004	2005
Child	3,370	3,982	4,063	3,296
Adult	5,546	6,161	5,317	3,750

Fiscal Year

Department of Health and Mental Hygiene
Mental Hygiene Administration
M00L
Responses to Issues

Issue: Substance Abuse and Mental Health Services Administration Awards Maryland a Mental Health Transformation State Incentive Grant: In September 2005, Maryland received a five-year $13.5 million grant to transform the delivery of mental health services in the State.

Response
DHMH and the Mental Hygiene Administration are excited to be have this opportunity to partner with the Governor's Office of Children and the Department of Disabilities on transforming Maryland's mental health system. We look forward to working with stakeholders, including members of the General Assembly, as members of the Transformation Workgroup. Members of the workgroup include: Cabinet-level Departments of Aging, Public Safety and Correctional Services, Human Resources, Education, Housing and Community Development and Juvenile Services, and other representatives of the Governor's Office, consumers, family members, and the advocates.

The Transformation workgroup will be responsible for the development of Maryland's Comprehensive Mental Health Plan, which will focus on a consumer-directed, recovery model system, supportive of the goals of the New Freedom Commission's recommendations regardless of where in the system the individual is receiving services.

Goals of the New Freedom Commission:

I. Mental health is essential to overall health.
II. Mental health care is consumer and family driven.
III. Disparities in mental health services are eliminated.
IV. Early mental health screening, assessment, and referral to services are common practice.
V. Excellent mental health care is delivered, and research is accelerated.
VI. Technology is used to access mental health care and information.

Department of Health and Mental Hygiene
Mental Hygiene Administration
M00L
Responses to Issues

Issue: Allocating and Overseeing Core Service Agency Grant Funds: Approximately $50 million in MHA's budget is allocated to the Core Service Agencies (CSAs) in the form of grants and contracts. Observations from a recent review of this funding are provided.

Response:
The Mental Hygiene Administration (MHA) funds twenty (20) local mental health authorities called Core Service Agencies (CSA) throughout Maryland to provide planning, budgeting, local coordination and interface and linkage with state and local agencies, community mental health providers, advocates, consumers and family members and to provide assistance in accessing and coordinating care for consumers.

The allocation of funds to the CSAs is based upon local needs, a review of vendor successes and failures, consumer access and choice, and any available local county funding. The MHA utilizes a formula to establish a funding pattern for administration for CSAs based upon key elements, and population. CSAs are given a baseline amount predicated upon state merit salaries for a Director, one professional staff and one support staff. Other considerations used include: the proportion of each jurisdiction's membership in the Fee-for-Service System, the percentage of each jurisdiction's total dollars spent under the Fee-for-Services System in previous fiscal years; and the proportion of each jurisdiction's population in the county or counties to the State's population for the 2000 census.

For any new funding or reallocation of funds, MHA would require the CSAs to use its local or State procurement.

The MHA conducts formal reviews of each of its CSAs through its /Annual Plan and Budget process. Each jurisdiction is required to follow established guidelines in presenting its budget request for the upcoming year. These are reviewed annually by representatives of the MHA Management Committee and include a line item review of both the administrative request and the community mental health services request. Documentation is required to be presented which compare the prior years actual to the current year's year to date expenditures and projections in addition to the changes requested form the current year to the upcoming fiscal year. In the

services review, each CSA's services lines are reviewed for current performance measures being on target with spending patterns. The MHA has a standard Memorandum of Understanding (MOU) with each CSA for administrative performance. Each service line has a condition of award.

The MHA Office of Finance and Procurement monitors the financial status of the CSA throughout the year processing modification, reductions or supplements as appropriate.

The Office of CSA Liaison conducts standardized monitoring quarterly using the MOU for administration. For community contracts a sample of contracts is selected focusing upon the price, any new service or a service line which was re bid. Documentation is collected to support a CSA's internal controls, timely execution of vendor contracts, and monitoring that the CSA did verify that services rendered were delivered.

The CSAs have outcomes measures that vary from one CSA to another. The goal over the next year will be to standardize some outcome measures across all CSAs.

Department of Health and Mental Hygiene
Mental Hygiene Administration
M00L

Responses to Recommended Actions

Recommended Action:
, provided that $100,000 of this appropriation may not be expended until the Mental Hygiene Administration provides a report to the budget committees detailing short-term and long-term solutions to the problem of over utilization of emergency rooms by persons with psychiatric illness. The report shall also include a clear articulation of the State versus private sector role in the provision of acute inpatient psychiatric services. It that articulated role involves a significant change to the current State or private sector role, the report should detail what is significant change to the current State or private sector role, the report should detail what is required to accomplish that change as well as a time-line for implementation. The Mental Hygiene Administration should also detail the extent to which the solutions it proposes to ease emergency room over utilization by persons with psychiatric illness and the delivery system envisaged for acute inpatient psychiatric services is agreed to by all the appropriate providers and regulators. The Mental Hygiene Administration should submit its report by December 1, 2006 and the budget committees shall have 45 days for review and comment.

Response:

The Department agrees with the recommendation for a report on the usage of emergency rooms by persons with psychiatric illness. The Mental Hygiene Administration has been meeting with stakeholders, including legislators regarding this issue, and will prepare a report by December 1, 2006. The Department requests the recommendation for the withholding of funds until submission of said report not be implemented.

Department of Health and Mental Hygiene
Mental Hygiene Administration
M00L

Responses to Recommended Actions

Recommended Action:

Reduce funds based on anticipated federal fund attainment under the primary care waiver by $5,000,000 GF.

Response:

The Department disagrees with the recommendation. The Mental Hygiene Administration with stakeholders has worked hard to get out of deficit. This action will put us back into a deficit. $5,000,000 has already been removed from the MHA budget to help fund the primary care costs in Medicaid. This recommendation will result in $10 million in General Funds out of the budget for the uninsured. The Federal match will not be sufficient to make up for the loss of these General funds. Consequently, there will be fewer uninsured individuals able to get services or fewer services available for the uninsured.

Department of Health and Mental Hygiene
Mental Hygiene Administration
M00L

Responses to Recommended Actions

Recommended Action:

Provided that $1, 900,000 of this appropriation may only be used to offset the fiscal 2007 loss of federal matching funds for services provided at Institutions for Mental Diseases. If the State is able to retain the authority to fully claim federal matching funds under its Section 1115 waiver, these funds may not be transferred or expended for any other purpose but shall revert to the State general fund.

Response:

The Department agrees with the recommendation.

Department of Health and Mental Hygiene
Mental Hygiene Administration
M00L

Responses to Recommended Actions

Recommended Action:

Reduce funds based on the availability of prior year encumbrances by $7,000,000 GF.

Response:

The Department disagrees with the recommendation of the analyst. The Department prefers to use the $7 million General Fund surplus from the FY05 accrual to help offset the Medicaid deficit. In addition, if this reduction is taken, it will lead to a reduction of MHA's base budget and negatively impact the FY '08 budget, leading to decreased services or decreases in rates.

Department of Health and Mental Hygiene
Mental Hygiene Administration
M00L

Responses to Recommended Actions

Recommended Action:

Adopt narrative concerning the use of evidence-based practices.

Response:

The Department agrees with the recommendation.

DHMH/MENTAL HYGIENE ADMINISTRATION
RESPONSES TO AUDIT FINDINGS

Finding #1
$ 29 M issue was resolved in FY 2005.
Appropriate budget committees have been informed.
Legal advice has been sought.

Finding #2
Periodic reconciliations have been completed for July 2005 through December 2005. Jan 2006 is in process.

Finding #5
Claims submitted for payment after 9 months are reviewed by the Administration for appropriate adjudication.

Finding #7
The transference of data has been completed.

Finding #8
MHA has requested the current ASO to recover approximately $1.3 M in provider advances and continues to work with the ASO to resolve this item.

Finding #9
Final audited financial statements of the previous ASO have been received.

Community Services Psychiatric Rehabilitation Programs (PRP)

Legislative Analysis in Brief: Community Mental Health Fee-For-Service System: Spending on psychiatric rehabilitation services to children has dropped, prompting concerns that children are not receiving necessary services.

Department Response:
This service was previously over-utilized and is now being utilized at the appropriate level.

In 2002 the Mental Hygiene Administration (MHA) became concerned regarding the possible over utilization of child PRP services. {See table below.}

Child {0-21 years of age} Utilization of PRP Services [Data as of August 31, 2004}

FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
1,595	2,526	4,177	5,967	7,646	10,193	9,870

In FY '98, approximately 1,600 young people utilized the service. By FY 2003, 10, 193 young people received services. There was not a separate medical necessity or separate regulation for child PRP.

With input from the stakeholders new medical necessity criteria was established. In summary, child PRP is rehabilitation and support services that will help a children/ adolescents develop and enhance community livings skills that will enable them to recover and prevent relapse or hospitalizations. The services are usually provided by non-licensed individuals with supervision oversight by a mental health provider. These PRP services are for children and adolescents who have serious mental illness or emotional disturbance who have been referred by a licensed professional. The services must be goal directed and outcome focused. The services are provided only as long as they continue to be medically necessary to reduce symptoms of the individual's mental illness. Prior to 2003, there was no specific medical necessity criteria for Child PRP services.

In addition, adult and child PRP moved to a case rate in February 2004. The same methodology was used for both.

Subsequently, there was concern that the rate for child PRP was not adequate. There was a hearing in the Health and Government Office (HGO) and follow-up meetings in the Public Health Subcommittee of the HGO. As a result, the following actions were taken:

1. The Mental Hygiene Administration (MHA) met with the Maryland Disability Law Center (MDLC) to make changes in the medical necessity criteria for this service. MDLC recommendations were incorporated into the Medical Necessity language.

2. The Community Services Reimbursement Rate Commission (CSRRC) reviewed the methodology for determining the rates and the final rates. They CSRRC noted the concern denominator used in calculating the rate may have been too large resulting in a lower rate being established. However, when the Commission reviewed the encounter data they found providers were getting paid at an appropriate rate (the average number of visits monthly used to establish the monthly rate matched the actual encounters currently provided under this service).

3. Al Zachik, M.D. Director, Child and Adolescent Services, MHA has been conducting a subcommittee to review best practices regarding Child PRP.

4. Regulations are being promulgated specifically for Child PRP. Previously the Child PRP regulations were incorporated within the adult PRP regulations.

5. MHA provided for an approximate 30% increase for Child PRP, effective December 2005, retroactive July 1, 2005. This was determined by using the monthly average encounter data for a reorganized PRP Program not in the Case Rate, rather than the annual data previously used.

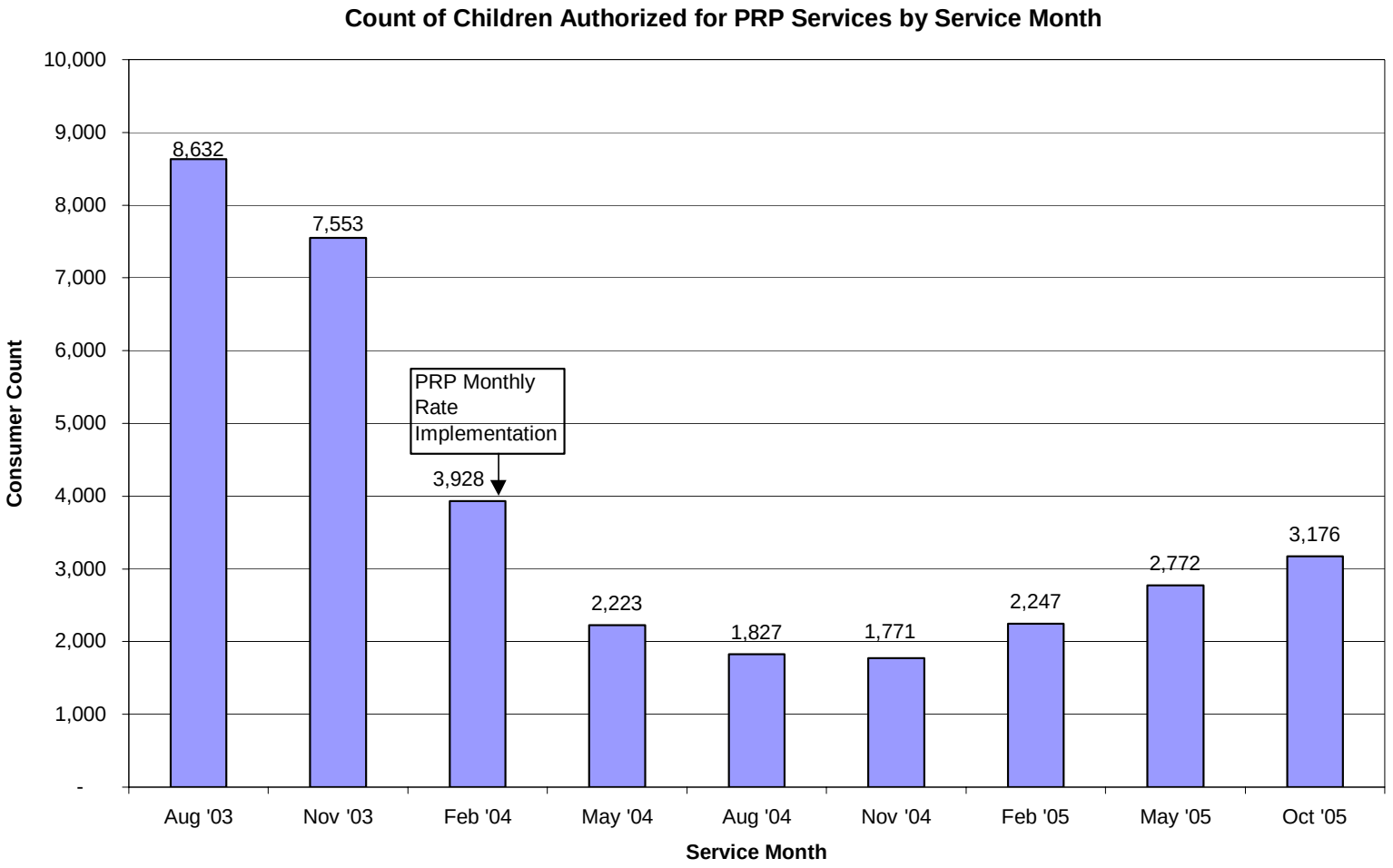
6. There were approximately 4,000 authorizations for children to receive PRP services in FY 2005. There were only 6 denials for child PRP services in 2005.

7. The number of authorizations appears to be increasing recently. **[See Graph 1 attached.]**

8. There have been concerns that the changes resulted in children previously using PRP using higher level services as a result of no longer receiving PRP services.
Note: Graph 2 "Comparison of Specific Services Received by Children in PRP Services in FY '05 vs Non-Recipients of PRP Services" attached.

This service was previously over-utilized and is now being utilized at the appropriate level.

GRAPH 1


Count of Children Authorized for PRP Services by Service Month
Consumer Count
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
8,632
7,553
PRP Monthly Rate Implementation
3,928
2,223
1,827
1,771
2,247
2,772
3,176
Aug '03
Nov '03
Feb '04
May '04
Aug '04
Nov '04
Feb '05
May '05
Oct '05
Service Month

GRAPH 2

1. Based on Claims Data thru 02/06/2006.
2. Children who received PRP services in January 2004 are the basis of this report.

Comparison of Specific Services Received by the Children in PRP Services in FY '05 vs. non-recipients of PRP services